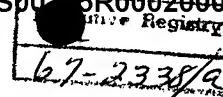


DIA  
+  
DOD

DIA, OSD, USAF and ONI review(s) completed.

WILSON-7  
(DoD)

1623-7

xx

20505

12 MAY 1967

Major General A. J. Beck, USAF  
Office of the Director of Defense  
Research and Engineering  
Weapons Systems Evaluation Group  
Washington, D. C.

Dear General Beck:

I have your letter of 4 May, concerning a contribution by this Agency to your study of new options in the 1975 time period.

We shall be glad to provide studies of the six countries mentioned in your letter. Members of my staff have already met with [redacted] and there is mutual agreement on how to proceed. As a result of this meeting, there will be some modification of the outline attached to your letter.

25X1A

Sincerely,

Rufus Taylor

Rufus Taylor  
Vice Admiral, U. S. Navy  
Deputy Director

25X1A

Concur:

[redacted]

11 MAY 1967

R. J. Smith  
Deputy Director for Intelligence

25X1A

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1 MAY 1967



OFFICE OF THE DIRECTOR OF DEFENSE RESEARCH AND ENGINEERING

WEAPONS SYSTEMS EVALUATION GROUP  
WASHINGTON, D C 20305

Log No. 122 285

2

4 MAY 1967

Vice Admiral Rufus L. Taylor  
Deputy Director of Central Intelligence  
Central Intelligence Agency  
Washington, D. C.

Dear Admiral Taylor:

The Weapons Systems Evaluation Group is presently engaged in a study of sea options for application in certain contingencies that may arise in the 1975 time period. This study is required by the Joint Chiefs of Staff in response to a directive from the Secretary of Defense to emphasize war at sea in future planning. The WSEG study is expected to be used by the JCS in preparation of the JSOP and in responding to Draft Presidential Memorandums bearing on U.S. seapower.

As part of the assessment of the effects of U.S. exercise of sea options in certain contingencies, WSEG urgently requires economic, trade and shipping analyses on six countries, namely, United Arab Republic, Cuba, Iceland, Syria, Iraq and East Germany. The desired content of these country analyses has been discussed in detail with Mr. William N. Morell, Jr., Director, Office of Research and Reports, and a copy of an outline for the UAR analysis is attached for your information.

I have discussed with Admiral Lowrance of the Defense Intelligence Agency my intention to request this assistance directly from CIA and we are agreed that this is warranted due to the short deadline against which we are working. In order for WSEG to meet its reporting date to the JCS, the above analyses are needed by 1 August 1967. [redacted] on leave to WSEG from your Agency, is responsible for this part of the input to the WSEG study and will be available for liaison and coordination with your staff.

25X1

Acting in the absence of Admiral Masterson, I urgently request your Agency's assistance in this matter. I would welcome the opportunity to discuss this matter with you should you desire.

SIGMET

A. J. BECK  
Major General, USAF  
Senior Air Force Member

Enclosure: Outline a/s

ECONOMIC STUDIES FOR DEEP BLUE PROJECT

PURPOSE

The purpose of these studies is to construct an estimate of the expected peacetime functioning of the economy, in the years 1975, for a selected country, in such a way that meaningful conclusions can be drawn of the probably effects of external U.S. actions against the country -- such as blockade. Primarily, the effects to be measured are against the target country itself, but they also extend to effects on the USSR and its allies and to the U.S. and its allies. Hence, while a total picture of economic activity estimated for the selected country in 1975 is necessary, the emphasis necessarily is on the externals -- the flow of exports and imports, the dependence of employment on foreign trade, normal usage of foreign exchange earnings, food self-sufficiency, etc.

It is anticipated that each country study will be brief with major reliance on tabular material presented in such a way that the basis of projections is self-evident. Hence, data for 1960 (or other conveniently available year about that time), 1965 or 1966, and 1975 would normally be presented in each table.

GROUP-3

Downgraded at 12 year  
interval; not automatically  
declassified

1

1  
WORKING PAPER  
Log 122 288

I. Aggregate Measures

a. Gross National Product (in 1965\$)

1. By sector of origin
2. By end use
3. Annual growth rate

b. Population

1. Size and annual growth rate

c. Labor Force

1. Size, distribution by major occupational groups --  
agriculture, manufacturing, trade and commerce,  
construction, government, plus any other meaningful  
breakdowns in the light of study objectives.

II. Sector Analyses

a. Agriculture

1. Estimate of aggregate domestic food production in gross terms -- cereals, meat, etc.
2. Extent of dependence on ocean fishing for food supply.
3. Estimate of food imports, given a normal crop year, and of fertilizers.
4. Probable size of food stocks.

Note: This section is designed to estimate the degree of self-sufficiency expected in 1975, and to bring out those measures of external dependence which will be essential to estimate vulnerabilities.

b. Manufacturing

1. Military end items
2. Producers goods
3. Consumers goods

Note: Under each of these sub-heads, what is needed is a brief description of probable size, employment, products, dependence on overseas sources for components, raw materials, etc., to sustain expected output. Secondly, what is wanted is an estimate of self-sufficiency for

will the UAR's military establishment be on external sources for military equipment?

c. Fuel and Energy

1. POL - production vs domestic requirements for crude and products, normal stocks, probably quantity exported (imported).
2. Coal or any other fuel that (a) looks like it would be of economic significance or (b) would enter into the foreign trade component.

III. Economic Role of the Suez Canal

1. Expected volume of traffic
2. Employment
3. Foreign exchange earnings

IV. Foreign Trade and Transport

1. Exports -- principal commodities, by country of destination (1960, 1965, 1975).
2. Imports -- principal commodities (economic and military) by country of origin (1960, 1965, 1975). <sup>1</sup>Relation (%) of imports to total domestic requirements, for 1975 only.
3. Importance of Foreign Trade as a whole -- as percent of GNP, volume and use of foreign exchange earnings, aggregate employment provided, etc.
4. Ocean Shipping
  1. Over merchant fleet and charters -- percent of combined export and import tonnage handled.
  2. Communist merchant vessels in the UAR trade -- relative importance of each communist country's merchant fleet to total carriage, principal communist ports (with probably percentage importance).

3. Free World merchant vessels in the UAR trade --

relative importance of each major Free World country's merchant fleet to total carriage, principal Free World ports (with probable percentage importance.

5. Land Transport Alternatives

1. Estimated capacities of land transport routes; degree of short-run expansibility (one year); extent to which these routes could replace ocean shipping.

V. Third Country Impact

1. On the USSR and its Allies -- To what extent would the denial of the normal imports expected to flow <sup>(a)</sup> to the USSR in 1975 ~~be~~ curtail the output of Soviet industry, affect its military capabilities or the civilian standard of living; (b) Same for Eastern Europe Communist Countries, (c) Communist China.
2. On the US and its Allies -- Same as for V. 1 above.

27 April 1967

Draft

ELA

UNCLASSIFIED		CONFIDENTIAL		SECRET	
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP					
TO	NAME AND ADDRESS		DATE	INITIALS	
1	DDI 25X1A		12/8/67	[Signature]	
2	Director of Research & Reports				
3	[Redacted]			9/1/67	
4	Please prepare reply with				
5	appropriate qualifications				
6			Bill		
ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	

Remarks:

Para. 2 of Gen. Beck's letter (attached) implies that we are ready to assist as requested. If this is correct, please prepare a reply for my signature.

*[Signature]*  
Rufus Taylor  
Vice Admiral, U. S. Navy  
Deputy Director

SUSPENSE: COB 11 May

FOLD HERE TO RETURN TO SENDER	
FROM: NAME, ADDRESS AND PHONE NO.	DATE
DDCI	5/8